

# FTC FACTS for Business

## Donating to Public Safety Fund-raiser\$



As a businessperson, you may want to contribute to law enforcement or public safety groups in your community or purchase advertising in publications that seem to be sponsored by nonprofit organizations. While you may want to give back to the community that supports your business, be sure you apply the same business savvy you use to make a business decision when you consider responding to a fund-raising appeal.

### Support Through Advertising

You may be solicited to buy advertising in publications that appear to be sponsored by nonprofit groups, such as police or firefighter associations or child abuse prevention programs. The publication might be a journal, magazine, calendar, yearbook, or even a souvenir program to be given out at a circus, variety show, or dance. But while the words “police” or “firefighter” may appear in the title, the publication may have no official connection with any genuine public safety organization or local distribution.

### Protect Yourself

If you’re considering buying ad space from a nonprofit group, ask these questions:

- How many copies of the publication will be printed?
- How often will it be published?
- Is there a charge for the publication?
- Who is the intended audience: police and fire departments, libraries, schools, paid subscribers?
- Where will the publication be distributed?
- Have arrangements been made for dissemination?

- When will it be published?
- Ask to see a copy of a previous edition.

If you decide to place an ad, ask to review the draft before publishing. Also ask to receive a copy when it's published. Don't expect a large portion of your payment to support a charitable program; the costs associated with soliciting ads and printing the publication often take most of your payment.

## Phony Invoices

Be alert for invoices claiming you've purchased ad space when you know you haven't. Watch out for unsolicited C.O.D. (Cash on Delivery) packages. It's illegal to mail a bill, invoice or "statement of account due" that's actually a solicitation for a donation. If the notice is a solicitation, you should see a disclaimer required by the U.S. Postal Service. It states: **THIS IS NOT A BILL. THIS IS A SOLICITATION. YOU ARE UNDER NO OBLIGATION TO PAY THE AMOUNT STATED ABOVE UNLESS YOU ACCEPT THIS OFFER.** If you receive a solicitation that appears to be an invoice but lacks this disclaimer, contact your Postmaster or local Postal Inspector.

## Public Safety Solicitations

---

Most police and fire departments are funded by your tax dollars. However, you may be asked to contribute to their professional associations or labor unions at the local, state or national levels. These groups typically use paid fund-raisers to solicit funds on their behalf. Be cautious; simply having the words "police" or "firefighter" in an organization's name doesn't necessarily mean that *local* police and firefighters belong to the group. Call your local police or fire department to verify the fundraiser's claims.

If you're interested in donating, ask how the group will use your money and what percentage

will go to the beneficiaries. Also ask how your contribution will be allocated. Some fund-raisers may be soliciting funds for organizations that redistribute money to other organizations. If that's the case, a smaller portion of your donation may go to the organization in need. That's because your contribution may pay double the solicitation and administration costs when it goes through one group to get to another.

Be especially wary if a solicitor suggests you'll receive special treatment for donating — for example, that you won't be stopped for speeding if you display a police organization's decal on your car window.

There's no reason to be suspicious of all fundraising by police and firefighter groups. Many conduct worthwhile activities that benefit their communities. Asking questions is the best way to make sure your contribution supports activities that are important to you.

Donations to some police or firefighter groups may not be tax deductible. Many kinds of organizations are tax exempt, including fraternal organizations, labor unions and trade associations, but donations to them may not be tax deductible.

## Special Events

---

Sometimes, police or firefighter groups hire professional fund-raisers that produce traveling circuses or variety shows as special fundraising events. Typically, the fund-raiser sells tickets for a show over the phone or in person to benefit the nonprofit organization. In many cases, the solicitor says that if you're not interested in attending the show, your tickets can be given to handicapped or underprivileged children. If such claims are made, ask how many children will benefit and how are they selected; how many tickets have to be sold and how they will be distributed; and whether

transportation for the children is included. In some communities, the number of children “eligible” to receive free tickets is limited and transportation may not be included.

In addition, depending on the terms of the agreement between the public safety group and the promoter, the group may receive only a small portion of the total money raised once the promoter covers the costs associated with producing the event and collects his fee.

If you decide to purchase tickets, pay by check, payable to the nonprofit organization not the individual collecting the money or the company running the event. If you receive unsolicited tickets in the mail, you are under no obligation to pay for them or return them to the promoter.

### Vending Machine and Donation Canisters

---

Businesses often are asked to donate retail space to owners of vending machines or donation canisters, with a portion of the proceeds going to charity. Whatever the collection device, someone other than you or your employees will service it. Make sure you understand the terms of the agreement before donating valuable retail space. Three arrangements are common:

- The collection device is owned and serviced by employees or volunteers of a nonprofit or charitable organization. All net profits go to the organization.
- The device is owned and serviced by a private vending machine operator. The operator contracts with a nonprofit organization to use its name and pay a portion of the funds collected to the organization. Review a copy of the contract or letter of agreement before you allow a device to be placed at your business.
- In some cases, the commercial operator has a contract to use the organization’s name, but no proceeds from the device are paid to

the nonprofit. Instead, the beneficiary receives a one-time or periodic royalty payment, and sometimes has the opportunity to place a program service message on the device. In this situation, the operators may not be required to register as commercial fund-raisers if the device includes a prominent statement such as “all proceeds go to the owner of this device,” and the owner is identified as someone other than the charity. It depends on state law.

Some states require commercial operators to register with the state Attorney General or Secretary of State and prominently display the percentage of monies collected that go to the nonprofit group on the device.

### Donation Do's

---

Taking the following precautions will help ensure your donation dollars benefit the organizations and people you want to help.

- *Request written information.* Ask for the name of the organization, its mission, plans for achieving its objectives, and how much of every dollar collected is used for charitable purposes.
- *Call the beneficiary/organization.* Find out whether they are aware of the solicitation and have authorized the use of their name. If not, you may be dealing with a fraudulent solicitor.
- *Find out how your donation will be distributed.* How much will go to the program you want to support, and how much will cover the charity’s administrative costs? If a professional fund-raiser is used, ask how much it will keep. If you’re not comfortable with the amount, you may want to consider other options for donating.
- *Refuse high pressure appeals.* Legitimate fund-raisers won’t push you to give on the spot. They will take the time to explain the purpose of their solicitation and the goals of the beneficiaries.

# Facts for Business

- *Consider the costs.* When buying merchandise or tickets for special events, or when receiving free goods in exchange for giving, remember that these items cost money and generally are paid for out of your contribution. That leaves less for the beneficiary.
- *Avoid cash gifts because they can be lost or stolen.* For security and tax record purposes, it's best to pay by check. Make your check payable to the beneficiary, *not* the solicitor. Avoid solicitors who want to send a courier or use an overnight delivery service to pick up your donation.

## Charity Check-Up

---

Many charities use donations wisely. Others may spend much of your contribution on administrative expenses or more fund-raising efforts. Some may misrepresent their fund-raising intentions or solicit for phony causes.

Before you write the check, check out the organization with these groups:

### Philanthropic Advisory Service

Council of Better Business Bureaus  
4200 Wilson Boulevard, Suite 800  
Arlington, VA 22203-1838  
703-276-0100  
[www.bbb.org](http://www.bbb.org)

### National Charities Information Bureau

19 Union Square West, 6th Floor  
New York, NY 10003-3395  
212-929-6300  
[www.give.org](http://www.give.org)

### American Institute of Philanthropy

4905 Del Ray Avenue, Suite 300  
Bethesda, MD 20814  
301-913-200

### Your local charity registration office

Most states require charities to be registered or licensed by the state. Contact your state Attorney General's office or Secretary of State.

Many smaller, newer, or local charities may not be rated by these organizations. Some fraternal organizations, such as police and fire groups may not be rated at all.

## For Complaints and More Information

---

If you believe a particular organization may not be operating for charitable purposes or is making misleading solicitations, contact your state Attorney General or your local consumer protection office.

The FTC works for the consumer to prevent fraudulent, deceptive and unfair business practices in the marketplace and to provide information to help consumers spot, stop and avoid them. To file a complaint, or to get free information on any of 150 consumer topics, call toll-free, **1-877-FTC-HELP** (1-877-382-4357), or use the complaint form at [www.ftc.gov](http://www.ftc.gov). The FTC enters Internet, telemarketing, and other fraud-related complaints into **Consumer Sentinel**, a secure, online database available to hundreds of civil and criminal law enforcement agencies worldwide.

<b>FEDERAL TRADE COMMISSION</b>	<b>FOR THE CONSUMER</b>
<b>1-877-FTC-HELP</b>	<b><a href="http://www.ftc.gov">www.ftc.gov</a></b>

**Federal Trade Commission**  
Bureau of Consumer Protection  
Office of Consumer and Business Education  
April 1997